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ABSTRACT

A case study of effects of government-imposed fiscal restraint on a rural British Columbia school system outlines the restraint in its various phases, its effects on School District No. 4 (Windermere), ways the district dealt with resulting problems, and the consequences, with implications for how not to implement fiscal restraint at the school board level. British Columbia's Education (Interim) Finance Act of 1982 is described. The role of the Superintendent of Schools (Chief Executive Officer of the district) is identified as that of a change agent. Fiscal measures adopted by the School Board to reduce 1982 expenditures by $160,000 are detailed, as are difficulties in persuading teachers and other staff to accept salary reductions. Problems of 1983 budgeting, including rising costs, salary negotiations, and need to reduce expenditures further, are described. Consequences of the Board's attempt to lay off part-time employees are shown. The Board's 1983 restraint plan, which kept in mind student needs, is outlined. Implications of the re-elected provincial government's 3-year plan ("Son of Restraint") for education (increased pupil-teacher ratio, more government control over district budgets, ceilings on administrative salaries, decreased expenditures) are cited. A Program Planning Model is suggested for Board use. An appendix provides a 1983 speech by the Minister of Education. (MH)

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THE CASE STUDY

Coping with change. A study of the effect of government-imposed fiscal restraint on a rural British Columbia school system.

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by

Geoffrey John Tagg.

Presented in partial fulfillment of the requirements of the Doctor of Philosophy degree at Walden University.

October 1983.

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Coping with change. A study of the effect of government imposed fiscal restraint on a rural British Columbia school system.

BACKGROUND

The Province of British Columbia, Canada is heavily dependent upon two industries for revenue. They are the forestry and tourism industries. With the downturn of the economy in the early 1980's, the British Columbia government found itself going further and further into debt. Rather than resort to extensive borrowing at exceedingly high interest rates of around twenty per cent at that time, the government elected to try and solve its problems by reducing expenditure. Early in 1982, the provincial debt was estimated at $1.3 billion.

It is not the purpose in this paper to discuss the reasons why this situation came about, or how it might have been resolved differently. Reference will be made to the decisions the government took which proved to be extremely controversial, but our concern is with the effect of these decisions upon local school districts. Certain pieces of legislation were introduced which affected the power of boards to make decisions, or directed more specifically what could or would take place at the local level. The government increased its control over "what" would happen, while leaving school districts with the task of determining "how".

Given the restrictions imposed by the government, the problem of how to implement the necessary changes to fall in line with provincial restraint fell largely to the Superintendent of Schools as Chief Executive Officer of the Board, in consultation with administrative staff, the school board, teaching and non-teaching personnel, and external agencies. This case study will outline the nature of the restraint in its various phases, what the effects were on a small, rural school district, how that district actually dealt with the problems it faced, and what the consequences were. A plan of action was developed around a theoretical framework. It will be demonstrated that such constructs are useful, but not infallible. They only work if all the parties concerned are playing the game by the same set of rules - which often they are not. We will speculate on other approaches that might have been used, and conclude with some observations about the "new" restraint which will affect school districts in 1984-1986. From the lessons of the last two years, it is hoped that some of the problems which developed can be avoided in the future. The case study, therefore, is one on how to implement fiscal restraint at the school board level, with definite implications for how not to do it!

THE CASE

Public elementary and secondary school education in British Columbia is financed through a combination of funds raised through local taxation and grants from the provincial government. Up until 1981, school districts prepared an interim budget in the fall of each year for submission to the government. Certain guidelines were established by the government with regard to the maximum levels that

could be levied through direct taxation. Early in the following year (usually in January), the government announced its level of support for that year. Boards were then required to revise the interim budget and establish a final one, within the bounds established by the government for that district. When this budget was formally approved by the local school board and the provincial government, the mill rate was established, and local taxpayers were notified. It should be noted that the cost of education to the homeowner was lessened somewhat by a Provincial Homeowner Grant established by the government. This was applied directly to education taxation, and presently amounts to $380.00 per year.

The Education (Interim) Finance Act became law on April 30, 1982, and significantly revised the system of educational finance in British Columbia. The purpose of this Act was to give the Minister of Education exceptional powers during a two-year period in which the Social Credit government sought to recoup some of its deficit through "restraint" measures. In effect, school boards lost much of their power to set local budgets, but remained responsible for administering funds for the day-to-day operation of the school district, and for capital expenses.

School boards now became responsible for levying school taxes on residential property only. The provincial government assumed responsibility (and the revenue) for levying the mill rate and collecting taxes on all other classes of property.

Under the new Education (Interim) Finance Act the Minister of Education acquired the power to:

a) set a ceiling on school board budgets at a level the minister determines;

b) set the percentage of each board's budget to be paid by the provincial government;
c) prescribe portions of a board's budget to be used for special education programs or other costs and programs;
d) cut the government's grant to any board that fails to abide by the minister's ceilings;
e) prescribe how additional education cost stabilization amounts budgeted in the province's special purpose funds, shall be distributed among school boards;
f) make certain ministry directives issued since December 31, 1981, retroactively legal.[1]

The immediate problem faced by local boards was created by the retroactive nature of the legislation. By the time The Educational (Interim) Finance Act was introduced, four months of the year had gone. In a ten-month school year, most districts had already spent approximately forty per cent of their annual budgets, and were now asked to "hold the line". In reality, the government was cutting $37.5 million from the provincial education costs by re-assessing property assessments.

But worse was to come. A memorandum from the Assistant Deputy Minister of Education, J.R. Fleming, dated July 30, 1982 indicated that the government's financial crisis was worse than had previously been announced. 1982 budgets, which had been previously approved by the government, were now to be cut back by a further $55.4 million in the remainder of 1982, and another $55 million during the first part of 1983.

The Education (Interim) Finance Act, by giving the government total control over all non-residential property assessment had removed

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[1] British Columbia Teachers' Federation, 1983 Education Finance in British Columbia. (Vancouver: British Columbia Teachers' Federation, Aug. 1983) p. 1.

63 per cent of the total educational assessment out of the hands of local school boards and placed it in the government's general revenue funds. Note that there was no guarantee that these monies would be used for educational purposes!

80 per cent of all school district expenses are salary related. Contracts were in place for 1982 with the unions of both teacher and non-teaching employees, which were not scheduled to expire until December 31, 1982. These costs, for salaries and benefits were not ones that could be manipulated, therefore. The problem facing the Windermere District School Board in September 1982 was therefore a challenging one. In the fall of 1981 the 1982 budget had been prepared, and submitted to the government. It called for expenditure slightly in excess of $6 million. It had a total staff of 145 persons, 95 of whom were teachers, and an enrollment of 1370 students in eight rural schools. The final budget approved by the government and the Board early in 1982 was approximately $5.4 million. Now, through a series of cuts, with sixty per cent of the year gone (as of September 1, 1982), the Board found its operating funds reduced to a maximum of $5,118,000.00 for 1983. Inflation was running at approximately eleven per cent, and both teachers and non-teaching personnel were seeking a new contract with increased salaries and benefits for 1983.

The problem facing the Board of School Trustees and its Chief Executive Officer was one of how to implement "restraint" and meet the government's mandate with sixty per cent of its budget already spent, and almost 82 per cent of it committed through December 1982. What follows is a description of what occurred in one small school district,

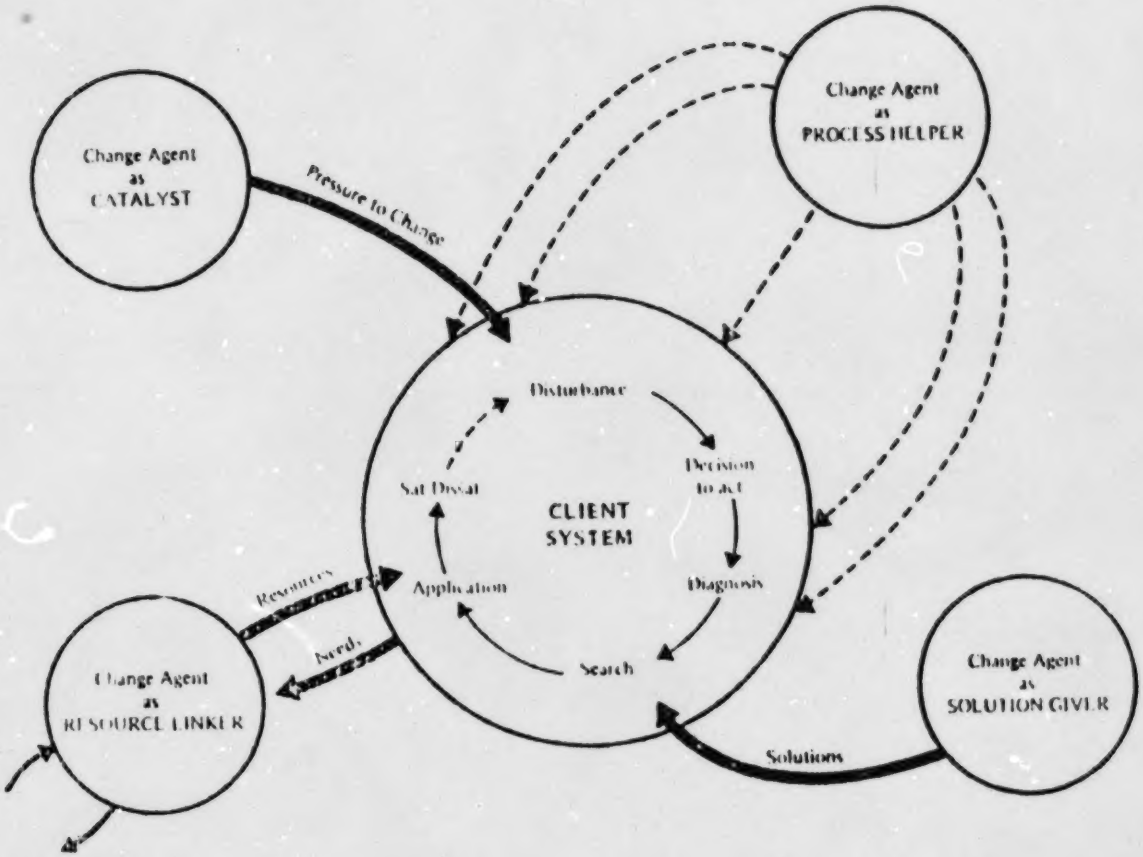
which was in many ways typical of what happened across the province.

SCHOOL DISTRICT NO. 4 (WINDERMERE) - SOLUTION NO. 1.

The Board of School Trustees instructed its Executive Officers (the Superintendent of Schools and the Secretary-Treasurer) to bring in a series of recommendations as to what might be done. They began by an immediate, detailed review of actual and projected expenditure for 1982, identifying those costs that were fixed, and those over which the Board still have some control. The total amount to be cut from the approved budgets was in the region of $280,000.00. Approximately $160,000. had to be eliminated from the existing 1982 budget, while the remaining $120,000.00 would have to be cut from the 1983 budget before it was submitted.

As Chief Executive Officer of the district, the Superintendent of Schools assumed the role of change agent. Even though the fiscal responsibility is placed in the hands of the Secretary Treasurer, and principals and department or unit heads have responsibility for preparing appropriate sectors of the budget, the Superintendent has overall responsibility for answering to the Board of School Trustees, and for making recommendations on behalf of the entire system. Ronald Havelock has identified four primary ways in which a person can act as a change agent. He can be a catalyst, a solution giver, a process helper or a resource linker. They are symbolically represented in the diagram on the following page.

Fig. ' 1.



FOUR WAYS TO BE A CHANGE AGENT.

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[2]Ronald G. Havelock, The Change Agent's Guide to Innovation in Education, (Englewood Cliffs: Educational Technology Publications, 1973), p. 7.

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In this particular situation, the Superintendent of Schools, having been charged by the Board with the responsibility for bringing recommended solutions forward, combined three of those ways in acting as the charge agent.

The initial reaction of employees was either that this was not really happening to them, or that it was just a temporary problem, a pre-election ploy whereby the government would call an election, and pump all the money back into education again as an election promise. This was not a view held by either the Superintendent of Schools or the Board. One of the first responsibilities, therefore was for the Superintendent to act as a catalyst, prodding people into action, and convincing them that this was real. Educational accountability was moving into a new era. It became clear later that he was at best only partially successful.

The Superintendent's role as solution giver was minimal. In its simplest analysis, he had few solutions to offer, having no precedents by which to go. Even if there had been some obvious ones, they would not have been profered at this time, because the solutions might then have been perceived as imposed, just as the problem was.

The Superintendent regarded himself more in the roles of process helper and resource linker in this situation. Having considerable previous experience in problem solving was an asset, for he was able to show the Board a number of alternative ways of approaching the problem, and why the one ultimately recommended seemed best suited to meet their needs. Few people, particularly lay persons, have the necessary skills regarding how to go about change. It was in this

capacity that the Superintendent was of some use to the Board. As a resource linker, he also offered suggestions that proved useful. He had access to government information, to the resources of the British Columbia School Trustees Association, and due to the rapport he had established with principals and teachers, was able to access a considerable amount of information from the British Columbia Teachers' Federation. Thus he was in a position to access a lot of expertise and data when it was required by those involved in tackling the problem.

It was probably to the District's advantage in this case that the change agent was a member of the administrative staff of the district, rather than someone from outside. An intimate knowledge of the workings of the system was required to bring the problem into focus. The fact that he was well known to everyone, and for the most part trusted by them, facilitated the process in a non-threatening manner.

A key factor in the success or otherwise of imposing restraint was the co-operation of the staff who would inevitably be affected. If anything was to be done that had implications for personnel, then the teachers and non-teaching employees would have to be consulted. Principals and vice principals, along with other central office employees who require a teaching certificate to perform their jobs are members of the same professional association (and therefore bargaining unit) as classroom teachers.

The most obvious solutions to the problem were to reduce where costs were highest, that is, in the area of salaries. There were two ways of looking at this. One was to lay off a number of employees and recoup the required amount quickly. The other was to ask all employees

to reduce their pay, while keeping everyone employed. Needless to say, the British Columbia Teachers' Federation, to which all teachers in the province belong automatically, adopted an adversarial role to the government's plans. An outdated School Act, with some fairly nebulous sections relating to school closures and staff layoffs, made it relatively easy to thwart plans to lay off teachers through legal strategies. As unions are in the position of normally trying to improve the lot of their members, the B.C.T.F. was not about to wholeheartedly support a plan which called for a reduction in salary. The road threatened to be a rocky one.

The Superintendent of Schools prepared a report for the Board of School Trustees showing where cost savings might be effected in the remaining four months of 1982. It also showed conclusively that the full $160,000.00 could not be cut from non-salaried areas. Cuts were recommended in office expenditures, in school supplies, in school facilities maintenance, in the elimination of school crossing patrols, in the reduction of clerical time to schools, and in the elimination of school aides. These would total a mere $85,000.00 in the remaining four months of 1982, leaving the Board to find the remaining $75,000.00 elsewhere. It should be pointed out that deficit budgetting - carrying an over-expenditure from 1982 to 1983 was not condoned by the government. It was, for all intents and purposes, unrealistic, for it would only compound the problems to be faced by the Board in the following year.

The Board immediately implemented the Superintendent of Schools' recommendations, but further directed that ways be explored to find the remaining money. The school district has in place its own problem-solving model, based on that of Roger A. Kaufman. It is a systems

analysis approach, and involved the following five stages:

1. Identifying the problem.
2. Determining alternatives.
3. Choosing a solution strategy.
4. Implementing the solution strategy.
5. Determining effectiveness.[3]

The initial problem faced by the School Board was one of time. $160,000.00 had to be cut immediately, and each day that passed made the task more difficult because salaries and benefits were being paid, and materials ordered. One could plan for the reductions that would have to take place in 1983, but merely react to the immediate reality, which was that the government had proportionately reduced the monthly payments to school boards, effective August 1982. Therefore, whatever solutions were to be considered, had to be considered quickly.

A meeting was called of the seven school trustees, the executive officers, the principals, the supervisory and co-ordinating staff, and representatives of the two unions with whom the Board deals. The facts were placed before the group, and they were given access to the entire budget of the school district for information. Each interested group was asked to state what it thought the problem really was, and to report back to a general session a few minutes later.

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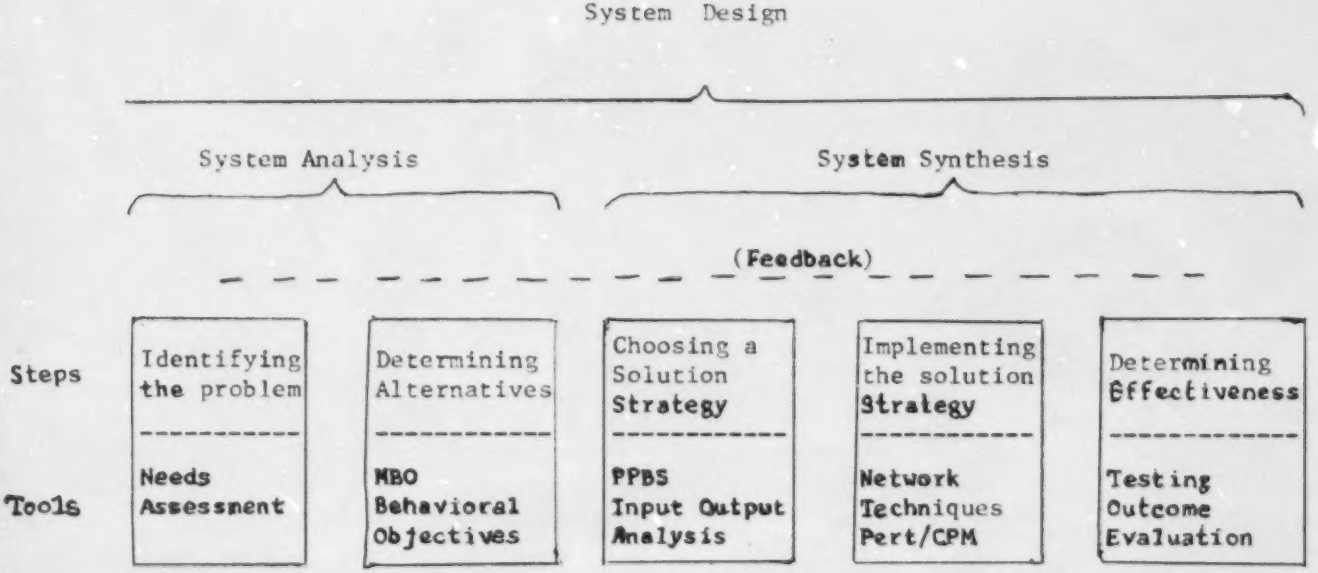
[3]Roger A. Kaufman, "Systems Approaches to Education: Discussion and Attempted Integration", in Philip K. Piele, Terry L. Eidell, and Stuart C. Smith, eds., Social and Technological Changes: Implications for Education, (Eugene: Center for the Advanced Study of Educational Administration, 1970), p. 162-3.

Fig. 1.2. The System Analysis and Synthesis Model

by Roger A. Kaufman.



Source: Roger A. Kaufman, "System Approaches to Education: Discussion and Attempted Integration," in Philip K. Piele, Terry L. Eidell, and Stuart C. Smith, eds., Social and Technological Change: Implications for Education, Eugene, Oregon, Center for Advanced Study of Educational Administration, University of Oregon, 1970, pp. 143,168.

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The task at this point was not difficult. The problem was how the district could reduce its 1982 budget to fall within government guidelines without seriously affecting the quality of education delivered to students. In the spring of 1982, the Board and its administrative staff had undertaken a three-day retreat to consider a philosophy and set of goals and objectives for the school district. Having stated very clearly what it believed in, just six months later those beliefs were to be put to the test. Were they still valid, in times of restraint?

The philosophy of education that had been adopted by the Board in February 1982 read as follows:

> The Board of School Trustees, School District No. 4 (Windermere) believes that, through its schools, it has the responsibility for providing the best possible opportunities for its students to move towards intellectual, social and emotional maturity, and in so doing, assist personal development. It should help students to become worthwhile members of society, and of the communities of which they are a part. The direction educational theory and practice takes, therefore, will reflect these goals, with the primary emphasis being placed in school on intellectual development.[4]

The key elements which were re-affirmed in September 1982 were that the Board had an obligation to provide the best possible education for all students, and that its mandate was essentially an intellectual one. In other words, children came first, and the basic instructional program was a close second. Whatever cuts were to take place, therefore, would affect children directly, as little as possible. With this agreed upon, the meeting moved to consider possible alternatives.

A brainstorming approach was used, in which everyone present made

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[4]School District No. 4 (Windermere), School Board Policy 0010 February 1982), p. 1.

suggestions which were listed on large sheets of flow-chart paper around the room. It was interesting to note that almost without exception, people suggested cuts in areas other than their own! The maintenance department and transportation department felt teachers' salaries were too high. Teachers felt that less janitorial service was required, or building maintenance could be put on hold for a few months. There was a universal feeling that this was a short-term problem which would soon go away. There was no suggestion that long-range planning might be needed, a mistake that almost proved costly later.

It was pointed out to the participants that what was happening was counter productive. Each party was protecting his own vested interests, and each was merely looking at the dollars and cents, rather than addressing the problem itself. Money, or the shortage of it, was a symptom of the problem. Admittedly, it was one that had to be addressed, but the concept of restraint, and that educational finance was moving into a new era, had not become apparent at this stage. The group needed constantly to be reminded of the philosophy and goals of the system. The question was how do we cut without impacting directly on children. What is left?

The non-salaried budgets were reduced by a few thousand dollars more. Extra-curricular transportation was pared, substitute teacher budgets frozen, professional development travel curtailed, and the district's internal courier service eliminated.

It became increasingly obvious that unless the contentious issue of wages and fringe benefits was addressed, the real problem would not be solved. In a series of news releases justifying the cutbacks in

education, the Ministry made it quite clear where they saw the problem. In 1975-6, the total student population in British Columbia was 525,344. In 1982-3 it had declined to 482,285. During the same period the number of teachers increased from 27,184 to 28,183. Per pupil costs between 1976 and 1983 rose from $1,728.00 to $3,935.00, and the average teacher's salary doubled during those years. The restraint program, understandably, was seen by many as being a direct attack on the high cost of teacher salaries which were regarded as being the main reason for the upward spiral in educational costs.

The Minister of Education urged boards to re-open contract negotiations with their teachers and obtain agreement to roll back 1982 salaries. If he thought this would work, where individual boards were negotiating with a teachers' union that represented every teacher in the province, he must have been extremely naive. However, it did place the onus for reaching agreement on local boards and their staffs, rather than on the government that was considering calling an election. Under the Canadian parliamentary system, the government of the day has the option of calling for an election whenever it chooses within a five year period from the date it assumed power.

The British Columbia Teachers' Federation urged its membership to stand firm and resist any moves to roll back teacher salaries. This problem could have been solved at the stroke of a pen, however. The government could have introduced legislation forcing roll-backs, but this was politically unwise. It had shown itself ready and willing to introduce legislation, even retroactive legislation. Its right to do so was upheld in a test case before the British Columbia Supreme Court.

Late in September 1982 the government introduced The School Services (Interim) Act to apparently take care of the problem facing all Boards. It unilaterally cut salaries by six days pay in the 1982-83 school year, unless individual Boards had reached agreement to the contrary with their employees prior to October 31, 1982. These were the professional development days provided for under British Columbia legislation. Teachers would, in effect, be laid off for these six days, without pay. In return, the Minister guaranteed every teacher in the province presently employed job security through June 30, 1983. A board could only lay off teaching staff with the Minister's permission.

Seeing this as the only viable alternative, the Windermere School Board had already reached agreement with the Windermere District Teachers' Association to take the days off without pay. An analysis showed that if all employees were to lose pay, including the Superintendent of Schools, the shortfall for 1982 could be recovered with three days loss of pay, rather than six. This was implemented. Any board that did not reach agreement with its staff were automatically empowered to collect six days under the legislation.

The problem of choosing a solution strategy, in this case, proved to be fairly easy, because there were so few alternatives available to the parties concerned. One could either lay off personnel, or one could keep the same number of personnel and pay them less. As contract re-negotiation was quite out of the question, and the B.C.T.F. was committed to keeping as many of its members employed as possible, the reduction of three days pay was an acceptable, if not welcome solution. It may be of interest to note that the Windermere School Board was also

opposed to re-negotiating contracts that they had signed in good faith for the twelve-month duration.

The process stopped here, for the immediate objective had been attained, and the initial problem solved. It was now time to turn to the next phase, addressing the 1983 budget, which would be cut still further. Further "refinement" of the government's figures on November 30, 1982 indicated that the Windermere School District would have its grants reduced by $140,258.00 in the period January 1 - March 31, 1983 - the end of the government's fiscal year.

The consultative model of problem solving was again used. The 1983 budget would be less in actual dollars than 1982, yet the Board would be faced with increasing costs over which it had no control. The cost of heat, light, water and electricity had all risen, so had the cost of paints, building materials, paper and text books. With contract negotiations coming up with both the British Columbia Teachers' Federation and the Canadian Union of Public Employees, and less dollars with which to work, the prospect was not a pleasant one.

The major impact would be felt in the first three months of 1983 when the government grants to school boards would be reduced still further. An immediate freeze on purchasing was ordered. Supplies from 1982 would have to be used until at least April 1983 to improve the school district's cash flow situation. It was an executive decision that met with no opposition from anyone. It was common sense.

It came as no surprise to anyone that in this next phase of restraint, the problem remained unchanged. How do we maintain the quality of education with fewer dollars? It was also no surprise that the main symptom was the same. Only by addressing the issue of reducing the total

salary bill of the district could the Board meet its obligations. Being a rural school jurisdiction, the district enjoyed a pupil-teacher ratio of 13.79:1, compared to the provincial average of 16.7:1. Pupil-teacher ratios don't actually mean much in rural districts, unless, of course, the government decides to make it an issue, which it was eventually to do. It was here that trustees and teachers parted company. Under no circumstances were teachers going to be involved in discussions that directly affected their job security or pay.

The Windermere School Board, in planning for 1983 cutbacks, next made a serious error. It deviated from its own consultative model and made unilateral decisions which backfired. There were three reasons why they took this route. Firstly, it wasn't working. The second was undoubtedly a feeling of frustration bordering on impotence at the loss of autonomy. For the first time the government was imposing ceilings on educational expenditure, and was determining directly what the gross amount would be. Boards were being placed in an untenable situation, being unable to live within perameters being mandated externally. Thirdly, they were in a "no win" situation with employees. It simply was not possible to reach agreement with the British Columbia Teachers' Federation and the Canadian Union of Public Employees on salary roll-backs, layoffs or reductions in service. The fall negotiations were a farce. The Board pleaded an inability to pay salary increases. Employees demanded increases that at least matched the rise in the cost of living, and sought eight per cent. The matter was referred to arbitration.

Another important piece of legislation introduced in the fall of

1982 was The Compensation Stabilization Act. This established a Compensation Stabilization Commissioner whose function would be to oversee all public sector employee contracts to ensure they fell within certain guidelines of acceptability to the government. Senior executive salaries (those over $50,000.00 per annum), were frozen at their existing levels indefinitely. All negotiated contracts must be submitted to the Commissioner before implementation. This was seen by boards and teachers as a further erosion of local autonomy, because now an external authority would give the final approval on a matter that previously had been the exclusive domain of the parties concerned.

Against this background of frustration, the Board sought permission of the Minister of Education to lay off a number of part-time employees. They were teacher librarians. Instead of taking an immediate stand in accord with his guarantee to protect teaching jobs, the Minister procrastinated. He instructed the Board that they could issue termination notices in accordance with The School Act, but that he would reserve his decision until later, whereupon the Board could rescind the notices if necessary.

The balloon went up! The British Columbia Teachers' Federation immediately filed suit on behalf of the teachers concerned, and gave the Board 48 hours to withdraw the notices of intent. The Minister, not being faced with a barrage of similar requests from other districts, denied permission to lay off, and the notices were withdrawn. However, the damage was done. A relationship of trust developed over many years between the School Board and its employees was destroyed instantly. Distrust and incredulity took its place. A situation had been created

that would make the next few months more difficult, because the Board was now seen to be in an adversarial role with its teachers.

Could it have been avoided? With the British Columbia Teachers' Federation placing itself in a confrontational role in relationship to both the provincial government and local boards, it would have been difficult. The official policy of the Federation called for active resistance to any threatened layoffs, and non-co-operation with boards on the questions of terminations or reduction in working time. It is at this point that the best theories and models in the world break down. As we pointed out earlier, such models only work when all the parties concerned are playing by the same set of rules. They frequently overlook what happens in reality - the rules of the game change. It is for this reason that it will be suggested later in the paper that the group process model for problem identification and program planning developed by André Delbecq and Andrew Van de Ven might have been a better method of approaching the problem, rather than the Kaufman model.

The process faced by the Board as it entered 1983 could best be described as fence mending. It was still prepared to involve teachers, administrators and other employees in the decision-making process, but in reality, these parties were merely paying lip service to consultation, and offered few constructive solutions to the Board. One is not going to discuss the termination of one's own employment!

Max Abbott has pointed out that:

> On many occasions ... decisions must be made unilaterally without the direct involvement of organizational subordinates. Sometimes this need arises because of the urgency for action. At other times, the decision to be made is of little direct

> interest to the employees. On still other occasions the decisions are of such overriding importance to the organization that they must be made from a managerial perspective, even at the risk of lowering the morale of organizational subordinates.[5]

The responsibility of the executive officers at this point, therefore, was to examine all areas of the budget that could still be reduced in 1983, and then to present a list to the Board so that it could establish some sort of priority. With contract negotiations in a stalemate, salaries would continue at their 1982 levels for the time being, at least.

Faced with mounting public pressure, as well as pressure from teacher and trustee organizations, the government introduced another legislative change. This shortened the 1982-3 school year by a further five days at the end of June. All teachers would be laid off for those five days, without pay. This, in effect, took care of the amount boards were to have been cut between January and March. The gover ment announced it as an increase in funding to school boards. Teachers were required to make up the time lost by lengthening the school day an average of five minutes between January and June, another manoevre that most school districts chose to ignore.

Boards were urged by the government to settle 1983 contracts at zero increase in salary, and to guarantee jobs until the end of the school year.

The Windermere School Board was now faced with looking beyond

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[5]Max G. Abbott, "Administrative Performance in the School Principalship: A Synthesis," in Jack A. Culbertson, Curtis Henson, and Ruel Morrison, eds., Performance Objectives for School Principals, (Berkeley, McCutchan, 1974), p. 128

maint nance and supply cuts, and to start examining the efficiency and effectiveness of its programs. Some were more obvious targets than others. The Board accepted the Superintendent's recommendations for a total review and possible re-organization of its transportation system. Approximately 40 per cent of all students are bussed to and from school. The Board owns its own bus fleet.

Consideration was given to closing one small school. Although this would be political dynamite at the local level, the eleven students could be accommodated in a school only four miles away, adding nothing to the costs of the system, but saving $65,000.00 a year. The district's janitorial staff was reduced slightly when one person retired, new or expanded programs that had been planned for 1983-4 were shelved, the office staff was reduced still further through attrition, and a freeze was put on all hiring until further notice.

What the district needed, in fact, was a re-assessment of priorities. The Board of School Trustees supported the principle of restraint. Its concern was with how it was being implemented. The 1983 restraint allowed for some planning, with or without input from employees. What follows is the plan put forward by the Superintendent and ultimately adopted by the School Board, for planning restraint. It follows no particular model, but allows, in this writer's opinion, the maximum amount of flexibility with the minimum loss of service to students.

THE RESTRAINT PLAN

It was clearly understood and accepted that whatever was to be done should keep in mind the needs of children, and should affect them

as little as possible. Therefore, the mass reduction of the professional teaching staff, thus increasing the size of classes, or the number of split and combined grades, was not educationally desirable or defensible. The following things, however were considered relevant.

The Board needed clear policy. Fortunately, a total review of policy was underway, and had been for over a year. Policy must not only accurately reflect current philosophy and practice, it must be applied fairly and equally to all employees. Policies were developed or revised, with as full consultation as the B.C.T.F. would allow, on such things as early retirement, criteria for the reduction of professional staff, job sharing, and leaves of absence. These are all mechanisms that can be used effectively in times of restraint or the over-supply of staff.

Work scheduling was reviewed. All overtime was eliminated for non-teaching employees. Some employees were asked to work different hours in order to maximize effectiveness. For example, there is a limit to what a janitor can do while school is in session. Block scheduling was introduced for maintenance. That is, a list was compiled for all the small maintenance jobs that needed to be done in a particular school. An entire crew was then sent to the school, with all the necessary equipment for two or three days, or even a week, to fix everything. This eliminated the maintenance vehicle going 30 miles to a school and finding out the part that was needed was back in the central store, and wasting an entire day. The transportation review enabled the district to cut the number of bus routes from eleven to eight and a half, at a saving of $40,000.00 per year. Fuel bills were cut in half by converting gasoline-powered school buses to propane. Energy conservation measures were introduced in all schools.

A review of absenteeism in the district revealed the fact that twenty per cent of the employees account for eighty per cent of the absences. More than sixty per cent of all absence is for periods of one day or less. By not hiring substitutes for one-day absences, and asking staffs to cover them internally, staff absence was reduced drastically. This requires accurate record keeping. Ours was inadequate, and had to be strengthened.

Significant savings can be realized through more careful inventory and purchasing control. As schools have a large portion of their budgets decentralized, there is quite a lot of duplication. By centralizing and standardizing the purchase of certain consumable supplies, most districts can realize savings of not less than twenty five per cent in these areas.

It is not necessary in this paper to review the course of salary negotiations and arbitrations that took place. This was an exercise in futility all its own. All the time, however, the Board was conscious of the fact that each percentage of salary increase given to employees would add almost $40,000.00 to the budget - money it didn't have. The eventual settlement was three per cent, meaning that the actual cuts to the budget amounted to close to $250,000.00.

But it was done. By re-examining those areas outlined previously, by closing the small school, and by reducing the teaching staff by the equivalent of four full time positions at the end of the 1982-3 school year through attrition, the Board streamlined its operations, without directly affecting students. To be sure there were a few less field trips, students have to pay for their swimming and

skiing now, and some have to walk a little further to catch the bus each morning. But the basic interaction between teacher and student, which still remains the key element in the learning process, remained unchanged.

Were that the end of the story, it might be considered a successful one, but it isn't. In July 1983, with a new mandate from the electorate for a further five years, the government introduced what has come to be known as, "Son of Restraint." It is an unprecedented (in British Columbia) attack on the public sector, on hospitals and health care, education, human rights, and the social services, designed to reduce them in manpower and cost by twenty five per cent.

The Minister of Education announced plans for education that made it perfectly clear what the government's stance was, and would be for at least the next three years. Citing the figures quoted earlier in this paper regarding the number of students and teachers, the Minister announced a return to the pupil-teacher ratio of 1975-6 of 19.14:1, and more direct control of all portions of school district budgets. He also took dead aim at the number of administrative personnel in districts, and at the salaries they were paid. A new financial management system was introduced "to allow the government to know exact cost impacts in the district, and to keep closer control of budget expenditures." The Minister was given the power to control the total budget of any district, or any of the seventy nine "boxes" of which it is comprised. In other words the Minister may, at his discretion, take total control of the budgetary process.[6]

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[6]For the full text of the Minister's speech, see Appendix "A"

In discussing the increased pupil-teacher ratio, the Minister referred to studies that concluded that, "it is difficult to establish a direct relationship between class sizes and educational performance. Smaller classes are no guarantee that individualized instruction takes place."[7]

The government immediately assumed control of the Special Education and Administration sectors of the budget. It placed ceilings on the amount that can be paid to administrative personnel within three years, based on the enrollment of the district. It also cut off grants beyond certain limits, forcing those districts with heavy administrative components to return some of their co-ordinators and supervisors to the classroom, or terminate them. A new piece of legislation, The Public Sector Restraint Act was tabled, giving boards the power to lay off teachers "without cause". This may yet be amended. It designates school-based administrators, principals and vice-principals, as "management", and subject, therefore, to the administrative controls referred to above.

The budgets of school boards have been set for the next three years (through 1986), and will successively decrease over that period from the already ravaged 1983 levels. In the Windermere School District, the level of acceptable expenditure will drop to 93.6 per cent of the 1983 level, regardless of what happens to costs, or to salary agreements. The implications are obvious. There will be considerable reductions in the number of staff, in the quantity of programs offered in schools,

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[7]Hon. Jack Heinrich, Province of British Columbia News Release (Vancouver: 33-83, 83-07-07), p.2.

and in all probability, a marked deterioration in the quality of education in British Columbia. School Boards have been placed in an untenable situation. They are expected to negotiate with staffs, but have nothing to negotiate with. They are expected to be fiscally responsible in their management of the school district, while given less and less resources to do so, while faced with cost increases over which they have no control. It will fail. It must. Boards will find themselves unable to manage. Autonomy which has already been eroded severely, will in all probability be completely eliminated within three years. The government will assume total control of education.

It is beyond the scope of this paper to discuss the political ramifications of these actions. We set out to examine how a local district responds to educational change when that change is imposed upon it by an external agency. We have seen it in two forms. The first was the reaction to an immediate situation where existing budgets were being cut. The second was planning for change that would soon occur. Again, however, it was change that was imposed, and therefore resisted.

DISCUSSION

In planning what lies ahead, certain things can be learned from the experiences of the past two years. A major problem is one of finding concensus among groups who are addressing the problem from divergent ideological perspectives, and who are unlikely to agree totally on anything. Kaufman's model is of questionable value. It will be suggested to the Board that there are other ways of addressing the problems that now confront them. Delbecq and Van de Ven's group process

model for problem identification and program planning, referred to earlier, seems to offer some promise in overcoming the difficulty through the use of nominal groups.

Nominal groups are those where the participants work in the presence of one another, but do not interact, as opposed to the brainstorming approach which was used in the Windermere School District. Although the model was developed for social service and health planning organizations, it can easily be applied to education. Research by Van de Ven and Delbecq (1971) has shown that interacting groups produce fewer high quality suggestions, a smaller range of solutions and less total alternatives than those groups that do not interact.[8]

These researchers suggest that interaction actually inhibits the flow of creativity, rather than enhancing it, because people only share ideas with which they already feel comfortable. Further, interacting groups tend to focus on merely one dimension of a problem. Someone suggests a solution, and the rest seize on it, rather than propose one of their own.

The nominal group calls for the participants to list personal and organizational dimensions of the problem on cards. These individually-developed ideas are then shared in a round-robin session and placed on flow charts. The ideas are then discussed for clarification or elaboration, but not with any view of collapsing or

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[8]A full discussion of the empirical research relating to both nominal and interacting groups can be found in Andrew H. Van de Ven and Andre L. Delbecq, "Nominal versus Interacting Groups for Committee Decision-Making Effectiveness," Journal of the Academy of Management, (June 1971), 14.(2).

condensing the items. Because a particular item is not going to be "attacked" by other members of the group, people are usually more willing to put forward high risk suggestions, particularly of a personal nature. The advantage of the nominal group is that it allows the participants to focus their attention on the problem, and divert it away from the ideological constraints that so often come into the discussion. For example, when looking at the problem of restraint, the teacher representatives tend often to identify only with the British Columbia Teachers' Federation official policy. School trustees put forth the British Columbia School Trustees Association position, and the bus drivers whatever the Canadian Union of Public Employees instructs them to. In reality, therefore, there is a tendency not to address the problem at all, or to become so involved with one's reference group that the real issues are lost. It was such a situation that led to the limited success of discussions between the Windermere School Board and its various employee groups. Listing all alternatives, in a non-judgmental way, negates the domination of the group by any one faction or individual.

The last aspect of this first phase of the Program Planning Model is for the nominal group to vote on their top five priority items on both the personal and organizational lists. How a person votes will be largely determined by how that person views the item in relation to the client needs established earlier. Under such circumstances, it becomes extremely difficult to adopt a parochial view of the problem. The solution must be viewed in the context of client need, rather than personal preference.

Fig. 1.2.

THE GROUP PROCESS MODEL FOR PROBLEM IDENTIFICATION AND PROGRAM PLANNING (PROGRAM PLANNING MODEL)

by André L. Delbecq and Andrew H. Van de Ven.

SUMMARY

Phase I: Problem Exploration

Involvement of client or consumer groups.

Involvement of first-line supervisors.

Phase II: Knowledge Exploration

Involvement of external scientific personnel.

Involvement of internal and external organizational specialists.

Phase III: Priority Development

Involvement of resource controllers.

Involvement of key administrators.

Phase IV: Program Development

Involvement of line administrators.

Involvement of technical specialists.

Phase V: Program Evaluation

Involvement of client or consumer groups.

Involvement of staff and administrative personnel.

The second phase of the Program Planning Model is called Knowledge Exploration. It calls for the establishment of a group of "specialists" from within the organization and from outside it who have expertise in the problem areas identified in phase I. The problem areas are divided into major and minor ones. The specialists are told that they are there as "ideas persons," not representing any particular group, and that their task is to develop lists of solution components to the primary problems that have been identified. One list contains solution components that are available already. The other lists new solution components and resources. A total assembly of the components and resources is later assembled, all of which can be justified as part of the final program. Here, the emphasis is on pooling ideas, resources, and approaches to the problem, rather than merely putting forward one's own viewpoint. It eliminates duplication of resources and effort, and encourages collaboration between the various interest groups.

Having identified the major problem areas and possible solutions, phase III calls for the key people responsible for bringing about change to review the priorities and critical solution elements. It is a very important stage. The old adage that one can lead a horse to water but one can't make it drink was never truer than of educational change. If the people towards whom the change is directed do not see the need, they are likely to resist it, or even sabotage it. By involving those who are responsible for implementing change at this point, it gives them additional input at a time when change can still be made, and thus removes the criticism that they were neither consulted, nor involved.

It is suggested that this approach would have been most beneficial in the situation faced by boards and teachers in 1982. It would have been very easy for the Windermere School Board or its executive officers to impose restraint. Extra curricular bussing funds, the amount of money to be made available for school supplies, or library book purchase allocations could have been reduced or eliminated at the stroke of a pen, simply using the argument that the Board has no money. That the ability to pay is a valid argument has been upheld by the government and the courts. However, to do this only creates further antagonism. By involving the school principals, unit heads, supervisors and co-ordinators in reviewing all the priorities and solutions, several other benefits accrue. The first is that these key resource people see the whole problem, not merely their own small part of it. They are encouraged to assist in making decisions which are in the best interests of the school district as a whole, and not just their own school or department. The second, as Delbecq and Van de Ven point out, is that this process buys a certain amount of allegiance and support which can be considered "insurance" for the future. If one has actively been involved in the decision-making process, it is extremely difficult to criticize that position, or assume an alternative stance at a later date, without losing face.

The Program Planning Model's fourth phase involves the specialists and line administrators developing the final program, based on what has gone before. This is no different from any other model. The difference lies in the quality and type of input which precedes this stage. Similarly, there is little difference in the evaluation

component, the final phase of the Delbecq and Van de Ven model. It stresses, however, the involvement of all those who had input into the development of the plan, in determining its effectiveness. In this way, adjustments or fine-tuning of the program may be undertaken on an on-going basis.

The Program Planning Model will not, of course meet everyone's needs, but it will represent the majority opinion, arrived at through a process of carefully addressing the issues, and a number of solutions. Hopefully, those in a minority will still be able to feel somewhat comforted by the fact that the decisions were made objectively, and that most people are satisfied with them, therefore they represent to some extent the client needs. This model highlights critical issues, and provides guidelines for developing innovative solution strategies. It would appear to facilitate the interfacing of people whose views might well differ from one another, and offer solutions that are in the best interests of all.

The use of a model such as the Program Planning Model might well help to avoid some of the difficulties inherent in the systems approaches such as Kaufman's, Frederick Taylor's Scientific Management, the behavioral science approaches advocated by Chester Barnard or the quantitative systems that received their greatest impetus during World War II.

In such systems approaches, there is a great deal of emphasis placed on quantifying things, on accountability, on order and structure. This does not adapt itself easily to education, where the human variable is so important. There are simply too many things going on in

schools and school districts that are antithetical to the systems approach to consider it a panacea for all problems. This is not to suggest, however, that they do not have a place at all.

Systems approaches tend to maximize efficiency through centralization. It is clearly the policy of the British Columbia government. Early in 1983 the Sagar Commission was established. Its mandate was to examine the administrative structure and costs of school districts, and to report back to the government within eight months. The establishment of this body was linked to other government "considerations" of amalgamating small school districts, or even of combining educational social and municipal administrations under one umbrella. This, in turn, was linked to the perceived high cost and proliferation of administration in school districts during the last decade. Moving from east to west across the province, the Commission repor ed several times on its interim findings, which were, in essence, that school districts were already organized in the most efficient and effective manner for the delivery of services to students. With a few exceptions, amalgamation would reduce service to the public, even if economic savings could be realized. Half way through its mandate, the Commission was disbanded. There are other, more direct ways of controlling administrative costs, it seems!

Schools in the Windermere School District are largely de-centralized, and there is a feeling among Board members and administrative staff that this is desirable. One is limited, therefore, in the application of systems theory to such things as centralized purchasing and accounting, yet it may have real benefits in establishing consistent policies and procedures.

The application of mathematical models and formulae, another characteristic of many systems approaches, is not always in the best interests of small school districts such as the Windermere School District. For example, staffing according to a formula, based on pupil-teacher ratio seems to be a sensible approach, particularly when the government is using such a formula for funding purposes. Yet it doesn't work. A ratio of twenty to one may be fine for elementary classes, or even large high schools. However, a high school with a small enrollment, and nowhere else to send the students within seventy miles must offer a viable program for its students in order for them to meet minimum graduation requirements. If a student needs grade 11 French in order to enter a British Columbia university, and only five students want the course, it must still be offered.

The final problem associated with systems approaches relates to goals. Where one reduces the system to a series of statistical data and formulae, these tend to become the minimum standard by which everything is measured. The recent decision by the British Columbia government to re-impose compulsory external grade 12 examinations accounting for fifty per cent of the student's final grade will inevitably mean that teachers teach to the text and the test. Some very important learning experiences may well be lost as a consequence.

The Program Planning Model of Delbecq and Van de Ven is, of course a scientific method systems approach, providing an orderly process of structuring the decision making at different stages of planning. Its strength lies in the fact that it does not lock all participants into one course of action, but provides opportunities for different problem-

solving techniques to be used by different groups under different sets of circumstances. The superiority of this was demonstrated by other research by Delbecq in 1967.[9]

THE WINDERMERE SCHOOL DISTRICT PROBLEM-SOLVING MODEL

Using the Program Planning Model as a basis for action, this writer has developed a modification which will be used in problem-solving situations during the 1983-4 school year. It encompasses the concepts of nominal grouping, and enhances the chance of reaching concensus by defusing the sense of parochialism and protecting one's own interests that has characterized many of the meetings in recent months. This model was given a trial run at a zone meeting of the British Columbia School Trustees Association, held at Fairmont Hot Springs, British Columbia on September 24, 1983, with Leslie Triplett, a partner of Kinetics Consultants Incorporated of Vancouver, British Columbia serving as moderator. It worked. In fact, it was so successful in breaking down the identity of the initiator of the idea, that there is considerable optimism that it will work among the diverse groups facing the problems of restraint in 1984-6.

Retaining much of Delbecq and Van de Ven's theoretical model, the following adaptation will be adopted for use in School District No. 4 (Windermere) in 1983-4.

1. Working individually, all participants are asked to write down as many problems as they can think of associated with implementing restraint at the local level. (10 minutes)

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[9] A.L. Delbecq, "The Management of Decision Making Within the Firm: Three Strategies for Three Types of Decision-Making," Journal of the Academy of Management (December 1967), 329-339.

2. Divide people in groups of three. Make a composite on consolidated list of all the problems. They are not judged or discussed, merely recorded. (15 minutes)
3. Combine groups of three into sixes, and repeat the process. (15 minutes)
4. Bringing the entire group back together again, the facilitator proceeds to list all problems on flow charts which are put up on the wall. Each group offers one idea, in rotation, until all problems are incorporated into a single list.
5. The suggestions are recorded exactly as presented. They are not discussed. The facilitator may ask for clarification of intent, only. (15 - 20 minutes)

Note: At this point there will probably be several pages of problems. However, it will be unclear already at this stage precisely who initiated any particular suggestion.

6. The participants are asked to pick individually the top FIVE problems that are important to them. (The number may vary, depending on the group size and composition). They are numbered one through five in order of priority, with one being the highest priority. (5 - 10 minutes)
7. The facilitator then tallies the votes. Votes may be weighted, (5 points for a first choice, one point for a fifth choice, or given equal weighting, depending on the time available and the size of the group. (15 - 20 minutes)
8. The top five point getters are then singled out for further consideration. (The number may, again, vary). Each problem will

form the basis of a group discussion.

9. Each person is invited to go to the group in which they are most interested, where that one problem will be addressed.
10. Having identified the problem one wishes to work on, as a group
    a) Describe what you want to achieve
    b) Identify the obstacles that stand in the way of achieving it.
    c) Discuss, for each obstacle, possible ways of overcoming it.
    d) Who is going to do what, by when? (in order to overcome the obstacle).
11. Record each group's response on flow-chart paper.
12. Have each group summarize its findings and recommendations in open session.

If time and resources permit, it would be a useful summary for the facilitator to collect all the charts together, from all stages, and compile an unedited composite for the participants to refer to at a later date.

There is an important element of this case that has not been addressed. It is that consultative or participatory decision making is fine, as long as all parties are working together to find a solution. However, when the consultation breaks down, someone has to make the decisions and accept the consequences. In this particular case study, we see this operating at two levels. When the provincial government mandates that certain things will happen through more stringent control of educational expenditure, it is, in effect shifting the balance of power from local boards to itself. Similarly, when controls are placed on boards which affect their ability to make independent decisions, they

in turn tend to centralize decision-making, and a corresponding power shift occurs at the local level. The government of British Columbia in reality said to school boards, "You have been irresponsible in the past in your expenditure of public funds, particularly those relating to teacher and administrative salaries. As you are unable to control the upward spiral, we will do it for you." The government moved to impose greater control, but left some leeway. It has the clear authority and intent to move towards a more totalitarian system if this does not work. Similarly, the Windermere School District told its employees of the problem it was facing, and invited their input into resolving it. If that is not forthcoming, or if agreement cannot be reached, the Board must, by its public mandate, make those decisions unilaterally.

There is, within education at the provincial, district or school level a hierarchical power structure. By power, we are referring to the acts by which people go about the business of causing other people to act in relation to themselves, or the system. A differentiation should be noted between power and authority. Authority is the outward manifestation of power. Floyd Hunter's four postulates and three hypothesis (1953)[10] have formed the basis of much recent research into power structures, however, Etzioni's examination of the ways in which power is exercised in organizations with regard to the control of subordinates, is of more interest here. He identifies three types. The first is coercive power, or forcing someone to do something through the application of punishment. The second is remunerative power, which

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[10]Floyd Hunter, Community Power Structure, (Chapel Hill: University of North Carolina Press, 1953).

refers to exercising control over material rewards such as salaries or bonuses. The third is normative power which allocates or manipulates symbolic rewards such as esteem and prestige.[11] According to Etzioni, coercive power results in alienative involvements, remunerative power in calculative involvement, and normative power in moral involvement.

It is not the purpose of this paper to explore the full ramification of this within the educational setting. Suffice it to say that the use of remunerative power is being exercised by both the government on local boards, and by the boards on their employees during the period of restraint. To some extent, coercive power is in evidence also. If boards do not comply with the government's new directives, the probability is that they would be dissolved in accordance with legislation that already exists, and their executive officers removed from office. The Windermere School District holds similar coercive powers over its staff. If teachers and non-teaching personnel insist on salary increases within the next few years, the Board has little option but to lay off personnel.

The amount of power that the government has taken upon itself has affected significantly the authority of the boards, and consequently the school principals and central office administrators. We like to think that in a so-called democratic society, our institutions will be run democratically with a rational distribution of authority. We have seen, in recent events in British Columbia, that democracy works only to the extent that those at the top of the hierarchical structure see

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[11] Amitai Etzioni, A Comparative Analysis of Complex Organizations (New York: Free Press, 1961) p. 12-21.

it as meeting their ends. When it ceases to do so, as we suggested earlier, the rules change.

SUMMARY

In the view of many, the financial restraints placed on education in British Columbia recently were more than just an attempt to curtail rising educational expenditure. It is a calculated attempt to gain control of education by the provincial government. There are a number of side issues that observers believe are part of the "master plan", if indeed there is one. It is anticipated that an attempt will be made (successfully, obviously), to remove principals and vice-principals from the British Columbia Teachers' Federation. This will not only weaken the manopoly hold in Federation has, it will drive a wedge between teachers and school-based administrators, and allow the government to more easily control the salaries and benefits of the latter.

All this is speculative, but will have enormous impact on school boards if it becomes a reality. We have attempted to show in this case study how the decisions made by the government were perceived by one small school jurisdiction, and how they responded to the change that was necessary. It was more than restraint. It called for a re-thinking, and a rapid re-thinking at that, of the priorities, of the goals, of the needs of the system. It was imposed change, the least desirable kind, and that least acceptable to those affected by it. However, restraint in itself is not bad. The sixties and seventies were the years of plenty in education. Now we are in the lean period. Restraint and accountability are not going to go away in three months or three years. They will be a factor for several years to come.

Restraint forces one to take a long, hard look at what one is doing, and why. Is it really necessary? Are we doing this in the most efficient or effective way? Is this in the best interests of the children we serve? Are we maximizing the use of our material, human and financial resources?

If we are given an opportunity to plan for effective change in a climate of restraint, we will, through some of the procedures outlined in this paper, end up with an even stronger educational system than we have at present. If we are forced, however, into reacting, rather than proacting, one must face the possibility that ultimately the quality of service offered will decline.

What is perhaps most important is that boards must develop mechanisms for handling such contingencies. It is not enough to sit back and wait to see what happens next. The need for quality administrators and trustees has never been greater, or the challenge more demanding. The need for quality schools and programs, and the need for public support for an educational system that merits that trust goes without saying. In British Columbia, the writing on the wall is very clear. We must put our own house in order, or face the inevitable. The school is a complex social structure. Whether we have the co-operative wisdom and will to succeed, remains to be seen.

APPENDIX "A"

Speech by

Honourable Jack Heinrich

Minister of Education

delivered to

BCSTA Seminar

Four Seasons Hotel,

Friday, August 26, 1983

I VERY MUCH LIKE THE THEME OF YOUR SEMINAR -- THREE DIMENSIONS OF ACCOUNTABILITY -- AS SET OUT IN THE FRONT OF YOUR PROGRAM, IT COULD WELL BE SUPERIMPOSED AS A GUIDELINE FOR THE GOVERNMENT I REPRESENT.

AS YOU KNOW, THE TASKS SET OUT ARE NOT EASY ONES. MY GOVERNMENT HAS TAKEN A POSITION ON HOW IT PLANS TO SOLVE THE PROBLEMS FACED BY THE PROVINCE -- AND I KNOW THAT ACTION HAS BEEN BOTH DIFFICULT AND COURAGEOUS, ALTHOUGH CONTENTIOUS.

BOTH SIDES OF THE LEGISLATURE AGREE ON ONE THING -- THERE IS A SERIOUS SHORTFALL IN REVENUE. THERE THE AGREEMENTS ENDS. THE OPPOSITION BELIEVES WE SHOULD BORROW MONEY TO MAINTAIN HIGH GOVERNMENT SPENDING.

THE BELIEF IS THAT SUCH ACTION WILL PRIME THE ECONOMIC PUMP AND RECOVERY WILL GUSH FORTH. OUR POSITION IS THAT WE MUST CUT THE CLOTH ACCORDING TO THE RESOURCES AVAILABLE. WE ARE NOT AGAINST BORROWING -- BUT WE ARE AGAINST HEAVY DEBT THAT PLACES A LONG-TERM BURDEN ON THE TAXPAYERS. WE RECOGNIZE THAT HEAVY PROVINCIAL DEBT ENDANGERS THE CREDIT RATINGS THAT CAN LEAD TO HIGHER INTEREST RATES. YES, THERE ARE DIFFICULTIES IN THE SHORT TERM -- BUT THE SUCCESS OVER THE LONG TERM HARDENS THE RESOLVE TO TAKE THAT PATH.

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THERE IS A GROWING UNDERSTANDING OF THE NEW FINANCIAL MANAGEMENT SYSTEM -- THIS IS A WELCOME NOTE. THE BENEFITS AND CONCERNS ARE SORTING THEMSELVES OUT AS BOARD MEMBERS, SCHOOL SUPERINTENDENTS, AND SECRETARY-TREASURERS EXAMINE THE DETAILS.

A QUOTE FROM A DIRECTOR OF FINANCE FROM A SCHOOL DISTRICT IS INDICATIVE OF MANY COMMENTS MADE TO DATE.. "THE NEW BUDGETTING SYSTEM, IGNORING THE OBVIOUS SHORTAGE OF MONEY, IS AN EXCELLENT START ON ESTABLISHING A MORE MEANINGFUL BUDGETTING AND COSTING BASIS FOR BRITISH COLUMBIA'S SCHOOL DISTRICTS."

THE MOST OFTEN REPEATED CONCERN EXPRESSED IS THE VIEW THAT THE MINISTRY OF EDUCATION WILL BE CONTROLLING THE BUDGETS AND EXPENDITURES IN EACH FUNCTION AND PROGRAM. THIS IS NOT OUR INTENT. HOWEVER, IT IS A FACT THAT EXPENDITURE FOR SCHOOL DISTRICT ADMINISTRATION (FUNCTION 4) AS OF 1986 WILL BE LIMITED TO THE AMOUNT ALLOWED IN THE FISCAL FRAMEWORK. THIS LIMITATION ALONG WITH THE TRADITIONAL NEGOTIATIONS IN SPECIAL EDUCATION IS THE ONLY AREA WHICH WILL BE DESIGNATED.

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SCHOOL BOARDS WILL BE FREE TO REALLOCATE BETWEEN FUNCTIONS AND PROGRAMS IN ALL OTHER AREAS.

THE CHALLENGE TO EACH SCHOOL BOARD IS TO DELIVER QUALITY EDUCATIONAL PROGRAMS WITHIN A LIMITED BUDGET -- AND NOT SIMPLY TO ADD TO THE TAX BURDEN. EACH SCHOOL DISTRICT WILL SET ITS OWN PRIORITIES, ADJUSTED TO LOCAL COMMUNITY NEEDS, AND DEAL WITH DIFFICULT PERSONNEL DECISIONS. THIS WILL PLACE DEMANDS ON THE CREATIVITY AND SENSITIVITY OF TRUSTEES AND ADMINISTRATORS NEVER BEFORE EXPERIENCED.

IN FACT, THE CHALLENGE FOR TRUSTEES IS TO ASSUME A GREATER DEGREE OF RESPONSIBILITY THAN EVER BEFORE BY ENSURING THAT IN EACH OF THEIR RESPECTIVE DISTRICTS THE ENABLING ASPECTS OF BILL 6 NEED NOT BE USED.

MAY I QUOTE A B.C.S.T.A. EXECUTIVE AND SCHOOL TRUSTEE -- "THERE ARE SOME KEY CLAUSES. IF BOARDS DO A GOOD JOB THE GOVERNMENT WON'T HAVE TO INTERFERE. THERE'S AMPLE ROOM UNDER THE NEW LEGISLATION FOR BOARDS TO BE EXTREMELY RESPONSIBLE TO THE COMMUNITY.

IT'S NOT COMPLETELY WORKED OUT, WE WON'T KNOW THE FULL IMPACT UNTIL 1984 BUT WE ARE NOT RUINING EDUCATION. IT'S TIME TO BE PRACTICAL JUST AS IN PRIVATE BUSINESS."

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IMPORTANT POINTS TO CONSIDER

THE MINISTRY OF EDUCATION BUDGET IS UP 7% FOR FISCAL YEAR 1983/84. (UNAUDITED ACTUALS 1982/83 - $1.316 BILLION: 1983/84; BLUEBOOK - $1,407

THE PROVINCIAL DEFICIT IS PROJECTED TO BE $1.6 BILLION FOR THIS FISCAL YEAR, AND, WHEN ADDED TO THE PREVIOUS YEAR'S DEFICIT, GOVERNMENT'S DIRECT DEBT IN THE SPRING OF 1984 WILL BE $2.4 BILLION.

THE TOTAL SCHOOL DISTRICT EDUCATION BUDGET (INCLUDING TEACHER PENSIONS) HAS INCREASED FROM $911 MILLION IN 1976 TO $1.90 BILLION IN 1983. (7 YEARS).

SIGNIFICANT VARIATIONS APPEAR BETWEEN PER PUPIL SCHOOL DISTRICT COSTS --(IN NEIGHBORING DISTRICTS) AS MUCH AS $1,000 PER STUDENT -- AND ALTHOUGH PARTLY EXPLAINABLE -- SUCH A LARGE SPREAD REQUIRES EXAMINATION.

THE AVERAGE TOTAL BUDGETTED COST PER STUDENT IN BRITISH COLUMBIA HAS INCREASED FROM $1,734 IN 1976 TO $3,937 IN 1983.

ENROLLMENT HAS DECLINED FROM 525,344 STUDENTS IN 1975/76 TO 482,255 STUDENTS IN 1982/83.

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THE AVERAGE TEACHER'S SALARY HAS ALMOST DOUBLED SINCE 1976. THE AMOUNT PAID BY GOVERNMENT TOWARDS TEACHERS' PENSIONS TOTALLED $29.2 MILLION IN 1976. IN 7 FISCAL YEARS (INCLUDING 1983) THE PROVINCIAL CONTRIBUTION TOWARDS TEACHERS' PENSIONS HAS RISEN TO $109.2 MILLION.

IT IS IMPORTANT TO NOTE THAT THE TOTAL SCHOOL DISTRICT BUDGET IS IN THE ORDER OF $1.9 BILLION.

THE SOURCE OF THESE FUNDS IS AS FOLLOWS:

- FROM CONSOLIDATED OR GENERAL REVENUE -- 51.56% ($979 MILLION)

- FROM PROPERTY TAXATION --
  NON-RESIDENTIAL -- 34.9% ($662.7 MILLION)
  RESIDENTIAL NET -- 8.74% ($165.8 MILLION)

- MISCELLANEOUS REVENUES (FROM GRANTS ETC.) 4.82% ($91.2 MILLION)

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AS A GOVERNMENT, WE HAVE AN OBLIGATION TO THE TAXPAYERS OF BRITISH COLUMBIA WHO HAVE BEEN SUBJECTED TO A SIGNIFICANT INCREASE IN TAXATION. CALIFORNIA EXPERIENCED PROPOSITION 13 WHICH RESULTED IN SLASHING PROPERTY TAXES BY 57% AND PLACED A CAP ON FUTURE PROPERTY TAX INCREASES. ALTHOUGH THE WISDOM OF THE DAY CARRIED THROUGH PROPOSITION 13, THE RESULTS SOME YEARS LATER HAVE PLACED SOME SCHOOL DISTRICTS IN THE STATE OF CALIFORNIA IN RECEIVERSHIP, ACCORDING TO THE NEW YORK TIMES ONLY LAST MONTH.

OUR RESPONSIBILITY IS TO RECOGNIZE THE TAXPAYERS' CONCERNS NOW AND ATTEMPT TO HOLD THE LINE ON SCHOOL TAXATION, THEREBY PRESERVING OUR SYSTEM OF EDUCATION AND THE FINANCIAL STRENGTH OF EACH SCHOOL DISTRICT.

MINDFUL OF THE TAXPAYERS' CONCERNS AND THE NEED FOR IMPROVED FINANCIAL MANAGEMENT, WE HAVE PROVIDED SCHOOL DISTRICTS WITH A FISCAL FRAMEWORK, SUGGESTED SERVICE LEVELS AND A BUDGETTING PROCESS.

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IT IS IMPORTANT TO NOTE THAT WE CANNOT AND WILL NOT POINT FINGERS AT ANYONE IN PARTICULAR.

IN THE PAST, NO ONE HAS DONE ANYTHING MORE THAN EXERCISE THEIR RIGHTS WITHIN THE PARAMETERS AVAILABLE THROUGH ---

- PREPARATION OF BUDGETS
- NEGOTIATING SALARIES
- EXPANDING STAFF AT ALL LEVELS
- PROVIDING FUNDS

THE THRONE SPEECH WAS CLEAR IN ITS MESSAGE -- RESTRAINT. THE BUDGET IS A MECHANICAL TOOL WHICH IS USED TO IMPLEMENT THE THRUST OF THAT SPEECH.

AS I SAID EARLIER, THERE ARE THOSE WHO BELIEVE THE ANSWER TO OUR FISCAL PROBLEMS IS TO CREATE A LARGER DEFICIT -- BUT WE, AS GOVERNMENT, DO NOT BELIEVE THIS TO BE THE RIGHT APPROACH.

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EVERY MARKET REQUIRES FROM TIME TO TIME A MAJOR CORRECTION -- THE REASON IS TO PRESERVE THE HEALTH OF OUR SYSTEM IN THE LONG RUN.

SOME BELIEVE THIS IS PAINFUL MEDICINE -- AND SO DO WE --BUT FOR THE SAKE OF OUR SYSTEM OF EDUCATION SOMEONE MUST FACE THE REALITY OF TODAY.

THE NEW SYSTEM INVOLVES A FISCAL FRAMEWORK, BUDGETTING PROCEDURES AND SERVICE LEVELS WHICH WILL BE EQUITABLE AND FAIR TO EACH SCHOOL DISTRICT. AS A GENERAL STATEMENT, THE SYSTEM IS BASED ON THE CONCEPT OF ALLOWABLE SERVICE LEVELS FOR NECESSARY FUNCTIONS BASED ON ENROLLMENT AND NOT ON HISTORICAL SPENDING PATTERNS OF INDIVIDUAL BOARDS.

THE COST OF EDUCATION IS HIGH. THE FACT IS THERE ARE EXCESSIVE ADMINISTRATIVE LEVELS IN SOME SCHOOL DISTRICTS. WHILE PUPIL/TEACHER RATIOS DECLINED FROM 19.14 IN 1975 TO 17.11 IN 1982 THE AVERAGE ELEMENTARY CLASSROOM SIZE DECLINED FROM 24.7 TO 23.9 AND THE AVERAGE SECONDARY CLASSROOM SIZE DECLINED FROM 24.2 TO 23.1. THERE ARE, OBVIOUSLY, A LARGE NUMBER OF TEACHERS WHO HAVE BEEN ADDED TO THE SYSTEM WHO DO NOT GIVE DIRECT INSTRUCTION TO STUDENTS IN REGULAR CLASSROOMS.

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RECOGNIZING A SCARCITY OF FUNDS, THE LEVELS OF SERVICE IN THE FISCAL FRAMEWORK IS SUPPORTABLE AND REASONABLE.

OUR CHALLENGE WAS TO CREATE A SYSTEM FOR DETERMINING INDIVIDUAL SCHOOL DISTRICT BUDGETS.

IN AN EFFORT TO COMMUNICATE OUR GOALS, OBJECTIVES AND PLANS, WE REQUESTED CONSTRUCTIVE CRITICISM.

AT OUR JULY 12 MEETING IN RICHMOND I REQUESTED INPUT FROM TRUSTEES AND DISTRICT ADMINISTRATORS. MY OFFICIALS HAVE MET WITH REPRESENTATIVES FROM ALMOST ALL DISTRICTS AND INDEED, AS EXPECTED, SOME AREAS OF CONCERN HAVE BEEN IDENTIFIED. FURTHER STUDY, FOR EXAMPLE, IS REQUIRED IN TRANSPORTATION, SURPLUS FUNDS, REMOTENESS AND DISPERSION INDICES AND BENEFITS. THESE ARE UNDER ACTIVE REVIEW BY THE MINISTRY PERSONNEL WHO WILL PROVIDE RECOMMENDATIONS TO ME FOR CONSIDERATION BY THE GOVERNMENT.

SOME ARE ASKING WHY DECISIONS HAVE YET TO BE MADE REGARDING READJUSTMENTS TO THE NEW SYSTEM. QUITE SIMPLY, THE TOTAL DOLLAR AMOUNT WITHIN THE SYSTEM IS FIXED. THEREFORE, DECISIONS TO CHANGE SERVICE LEVELS OR COST FACTORS IN ONE PROGRAM, WHICH RESULT IN INCREASED COSTS, MUST BE BALANCED BY DECISIONS THAT REDUCE COSTS IN OTHER PROGRAMS.

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THUS, WE CANNOT MAKE FINAL DECISIONS UNTIL ALL FACTORS HAVE BEEN CONSIDERED. WE RECOGNIZE THAT FOR PLANNING PURPOSES THE EARLIER THESE MATTERS ARE CLARIFIED, THE BETTER.

DURING THE 60s AND 70s TEACHERS AND EDUCATORS TRIED TO DEAL WITH THE DIFFICULT TIMES. INNOVATIVE PROJECTS AND APPROACHES WERE TRIED WITH VERY LARGE RESIDUAL COSTS. ONE PROPOSITION WAS THAT REDUCING CLASS SIZE WOULD BE THE ANSWER TO IMPROVING EDUCATIONAL QUALITY.

IN MY VIEW THE STATEMENT THAT THE QUALITY OF EDUCATION WOULD RISE IN PROPORTION TO THE DECREASE IN CLASS SIZES IS PATENTLY FALSE. AT PRESENT, ONE OF THE SCHOOL DISTRICTS WITH THE LARGEST CLASS SIZES IN THE PROVINCE RANKS AMONGST THE TOP IN LEARNING ASSESSMENT RESULTS.

BACK IN 1974, WHEN EILEEN DAILLY WAS MINISTER OF EDUCATION, SHE SAID: "I WANT PARENTS TO KNOW THAT EVEN WHEN WE FORCE DOWN THE PUPIL/TEACHER RATIO IT IS NOT THE PANACEA FOR THE SUCCESS OF THE CHILD. WE MUST CONTINUE TO DEVELOP AN ADEQUATE EDUCATIONAL STYLE." NOT MUCH HAS CHANGED FROM 1974. RESEARCH EVIDENCE REGARDING THE EFFECT OF REDUCING PUPIL-TEACHER RATIOS ON THE PERFORMANCE OF CHILDREN IS STILL INCONCLUSIVE. MANY, MANY MILLIONS OF DOLLARS HAVE BEEN SPENT TO IMPLEMENT A PROCESS WHICH REMAINS QUESTIONABLE. AS A RESULT, THE GOVERNMENT HAS DETERMINED THAT WE CAN NO LONGER AFFORD THIS EXPENSE. WE DO NOT BELIEVE THAT REDUCING THE GROWTH IN COST WILL AUTOMATICALLY MEAN A DECREASE THE IN QUALITY OF EDUCATION.

ASIDE FROM ACTUAL CLASS SIZE, A FURTHER COST CAN BE ATTRIBUTED TO ADMINISTRATIVE STRUCTURES AND PRACTICES IN SOME OF OUR SCHOOL DISTRICTS. TEACHERS KNOW THIS -- BUT REALLY HAVE NOT OPENLY OBJECTED.

THE INCREASE IN ADMINISTRATIVE HIERARCHIES PROBABLY CCCURRED BECAUSE EDUCATORS FOLLOWED THE STYLE OF COMMITTEE-ORIENTED MANAGEMENT THAT WAS IN VOGUE -- STARTING ABOUT A DECADE AGO. AND, TO COPE WITH THE INCREASED INVOLVEMENT, THE ADMINISTRATIVE STRUCTURE GREW. PART OF THE RESOLUTION OF MANY EDUCATIONAL PROBLEMS WAS TO HIRE ADDITIONAL SUPERVISORY STAFF.

NOW LET ME EXAMINE SOME UNFORTUNATE RESULTS

1) EACH SUPERVISOR WHO IS ADDED TO THE ADMINISTRATIVE STAFF SETS UP INNUMERABLE COMMITTEE MEETINGS INVOLVING TEACHERS -- THEY ARE BOMBARDED WITH BULLETINS AND ANNOUNCEMENTS. THE PAPER WARS BECOME RAMPANT.

2) TEACHERS, RESPONSIBLE FOR THE PRIMARY TASK OF INSTRUCTION, BECOME RESENTFUL OF THE LACK OF LEADERSHIP AND IMPOSITION ON THEIR TIME.

3) THE ADMINISTRATIVE HIERARCHY -- INTENDED TO BE DEMOCRATIC -- BECOMES BUREAUCRATIC IN OPERATION.

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4) TRUSTEES, CONFUSED BY THE GROWING COMPLEXITY, SIZE AND SLOWNESS OF THE OPERATION, BECOME FRUSTRATED.

5) AND THE COSTS CONTINUE TO SOAR.

TODAY'S ECONOMIC WOES PROVIDE ALL OF US WITH AN OPPORTUNITY TO EFFECT CHANGES IN DISTRICT ORGANIZATIONAL STRUCTURES AND PROGRAMS. NOW IS THE TIME TO RESTRUCTURE OUR SYSTEM.

RETAIN THAT PART WHICH HAS UNDOUBTED VALUE.

MAKE IMPROVEMENTS WHERE IMPROVEMENTS ARE WARRANTED.

ELIMINATE THOSE PROGRAMS AND STRUCTURES WHICH HAVE CONTRIBUTED TO A RATE OF GROWTH IN EDUCATIONAL COSTS WHICH CAN NO LONGER BE AFFORDED.

THE ALLEGATION IS CONSTANTLY MADE THAT TEACHERS WILL LOSE JOBS. THIS STATEMENT MAY BE PARTLY TRUE BUT WILL VARY FROM DISTRICT TO DISTRICT. IT MUST BE REMEMBERED THAT THE SYSTEM INTRODUCED IS TO CARRY OVER A PERIOD OF THREE YEARS.

ATTRITION OCCURS EACH YEAR; FOR EXAMPLE, IN THE SCHOOL YEAR 1980/81, 1,751 TEACHERS LEFT DUE TO RETIREMENT, RESIGNATION OR ANY NUMBER OF REASONS. DURING THE SAME SCHOOL YEAR, 1,331 TEACHERS TOOK LEAVE OF ABSENCE. THE TOTAL IS 3,082.

DURING THE SCHOOL YEAR 1981/82, 1,448 TEACHERS LEFT DUE TO RETIREMENT, RESIGNATION OR FOR ANY NUMBER OF REASONS. DURING THE SAME SCHOOL YEAR 1,537 TOOK LEAVE OF ABSENCE FOR A TOTAL OF 2,985.

THE ASSOCIATION OF SECRETARY-TREASURERS WITH WHOM I HAVE MET MADE IT CLEAR THAT THE SYSTEM INTRODUCED HAS GREAT VALUE AND THE CONCEPT IS SOUND. THEY ARE, AND QUITE CORRECTLY, RESERVING COMMENT IN DETAIL UNTIL SEPTEMBER. THE REASON -- IT WILL BE DURING THIS MONTH THAT THEY WILL HAVE DEFINITIONS AND ACCOUNTING SYSTEMS IN PLACE SO THEY ARE ABLE TO PREPARE THEIR BUDGETS FOR THE CALENDAR YEAR 1984.

BARGAINING

SOME OF YOU HAVE RAISED QUESTIONS AS TO THE DIRECTION BARGAINING SHOULD TAKE THIS FALL. FIRST, LET ME DEAL WITH THE PROCESS.

I WANT TO ASSURE YOU THAT THE NORMAL BARGAINING PROCESS IS INTACT AND IS PROCEEDING ACCORDING TO SECTIONS 131 TO 138 OF THE SCHOOL ACT. IN THIS PROCESS THE PROVINCE IS DIVIDED INTO ZONES FOR BARGAINING PUPROSES. A LETTER SETTING OUT THE ZONES HAS BEEN PREPARED AND IS ON THE WAY.

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IT IS INTERESTING TO NOTE THAT IN THE 1982 NEGOTIATIONS FOR THE 1983 SALARY SCALE, 62 DISTRICTS WENT TO ARBITRATION AT VERY HIGH COSTS; SEVEN HAD MULTI-YEAR AGREEMENTS, AND SIX SETTLED. THERE WAS, ESSENTIALLY, NO COLLECTIVE BARGAINING OF A RECOGNIZABLE KIND.

MANY OF THE ARBITRATORS, IN THE FALL OF 1982, REFUSED TO BE BOUND BY THE COMPENSATION STABILIZATION ACT. MR. PECK, THE COMMISSIONER, FOUND HIMSELF UNABLE TO ACCEPT MOST OF THE AWARDS AND RETURNED THEM TO THE ARBITRATORS FOR RECONSIDERATION. THERE ARE STILL 15 OUTSTANDING -- THAT IS, 15 PROPOSED SETTLEMENTS THAT HAVE NOT BEEN ACCEPTED BY MR. PECK.

IN ADDITION TO THAT BACKGROUND, THE EFFECT OF THE FOLLOWING PIECES OF LEGISLATION NEED TO BE EXAMINED IN ANTICIPATING THE COURSE OF BARGAINING IN THE FALL OF 1983.

BILL 3, WHEN PASSED AND PROCLAIMED, WILL GIVE THE PROVINCIAL GOVERNMENT THE AUTHORITY TO CONTROL THE SALARIES OF NOT ONLY PRINCIPALS, VICE-PRINCIPALS, AND SUPERVISORS BUT ALSO SUPERINTENDENTS AND ASSISTANT SUPERINTENDENTS, AND SECRETARY-TREASURERS.

WHEN THIS WILL OCCUR IS NOT YET CLEAR. HOWEVER, WHEN COMPLETED, REGARDLESS OF THE RESULTS OF B.C.T.F. LOCAL BARGAINING, THESE PARTICULAR SALARIES WILL BE SET UNDER SECTION 6 OF BILL 3. IN THE FUTURE, KEEPING ADMINISTRATIVE SALARIES UNDER CONTROL SHOULD HAVE THE EFFECT OF ASSISTING BOARDS IN TEACHER SALARY BARGAINING.

BILL 11 AMENDS THE COMPENSATION STABILIZATION ACT. IT MAKES IT QUITE CLEAR THAT THE ABILITY TO PAY IS OF PARAMOUNT IMPORTANCE. INCREASES ARE GENERALLY ONLY EXPECTED IF THERE IS AN INCREASE IN PRODUCTIVITY. CHANGES" IN COMPENSATION CAN RANGE FROM -5% TO +5%. IT IS POSSIBLE, THEREFORE, THAT THERE WILL BE SALARY REDUCTIONS. INCREMENTS COUNT AS COMPENSATION AND THIS HAS BEEN ESTIMATED TO BRING A 2% INCREASE TO THE TOTAL SALARY BILL IN THE PROVINCE. ARBITRATORS ARE NOW BOUND BY THE COMPENSATION STABILIZATION ACT.

ON THE PRODUCTIVITY ISSUE, MR. PECK HAS ALREADY DECREED, IN THE SIMON FRASER UNIVERSITY RULING, THAT INCREASES IN CLASS SIZE ARE NOT INCREASES IN PRODUCTIVITY -- LET ME EMPHASIZE THAT.

BILL 6 CONFIRMS AND EXTENDS THE POWER OF THE MINISTER OF EDUCATION TO LIMIT THE AMOUNT OF MONEY A SCHOOL BOARD HAS TO EXPEND. THE SCHOOL BOARD CANNOT INCREASE THIS AMOUNT. IF TEACHERS, THEREFORE, ASK FOR MORE SALARY, AND SCHOOL BOARDS ARE UNABLE TO PAY THIS AMOUNT TO ALL EMPLOYEES, THE REQUEST MUST BE DENIED. IF OTHER COSTS INCREASE, AND TEACHERS ARE NOT PREPARED TO ACCEPT DECREASES, THE SCHOOL BOARD, UNDER BILL 3, AS A GOVERNMENT EMPLOYER, MAY HAVE TO TERMINATE THE APPOINTMENTS OF SOME TEACHERS.

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WHAT I WOULD LIKE TO DO NOW, BECAUSE IT IS SUCH AN IMPORTANT ISSUE, IS SUMMARIZE.

- IN THE SCHOOL ACT, THE BARGAINING PROCESS REMAINS UNCHANGED.
- THE APPLICATION OF THE PROCESS LAST YEAR WAS EXPENSIVE AND FRUSTRATING.
- TWENTY PER CENT OF THE DISTRICTS HAVE STILL NOT SETTLED THE 1982 BARGAINING.

-TEACHERS' ASSOCIATIONS MAY BE NEGOTIATING THIS FALL FOR ADMINISTRATORS, BUT THEY KNOW THAT THE RESULTS COULD BE OVERRIDDEN LATER BY A PROVINCIAL DIRECTIVE.

-IF COSTS INCREASE, FOR WHATEVER REASON, THE SCHOOL BOARDS MAY HAVE FEW OPTIONS BUT TO TERMINATE THE EMPLOYMENT OF SOME TEACHERS.

-INCREASED CLASS SIZES ARE NOT ACCEPTED AS INCREASED PRODUCTIVITY.

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IN THIS ENVIRONMENT, IS IT IMPORTANT FOR BOARDS TO PARTICIPATE VIGOROUSLY IN THE BARGAINING PROCESS? I BELIEVE IT IS -- AND FOR TWO MAJOR REASONS.

FIRST, IT IS VITAL THAT BOARDS AND TEACHERS ATTEMPT TO AGREE ON MEANS OF ENSURING A FAIR LOCAL RESULT FOR BOTH MANAGEMENT AND EMPLOYEES WITHIN OVERIDING PRINCIPLES AND POLICIES.

BOARDS MUST VIGOROUSLY EXERCISE THEIR RIGHT TO MANAGE TO ENSURE THAT THE LOCAL IMPLEMENTATION OF MAJOR POLICIES IS HANDLED WITH FULL INFORMATION AND COOPERATION.

SECONDLY, EVERY EFFORT MUST BE MADE TO CONTINUE THE EXISTING FAIR PROCESS OF FINALLY DETERMINING SALARIES AND BENEFITS. EVEN AS WE ARE FORCED TO FACE THE MAJOR CONSTRAINTS BEING PLACED ON THE PROCESS, ITS CONTINUATION GIVES ALL OF US THE BEST ASSURANCE OF CONTINUED STABILITY IN EMPLOYEE-EMPLOYER RELATIONSHIPS.

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FURTHER, I AM SURE MANY BOARDS AND TEACHERS ARE TEMPTED TO PLAY POLITICAL GAMES WITH THE SYSTEM. I WANT YOU TO KNOW THAT WE UNDERSTAND THE POTENTIAL AND ARE PREPARED TO DEAL WITH IT.

FOR EXAMPLE, SOME TEACHERS MAY ARGUE THAT IT WILL COST BOARDS NOTHING TO TRANSFER THE COSTS OF NON-STATUTORY BENEFITS TO THE SALARY ITSELF, TAKING THE SALARY GRID UPWARDS AND REDUCING BENEFITS COST.

THIS WILL INCREASE THE DISTRICT AVERAGE TEACHERS' SALARY, MAY EVEN BE ACCEPTABLE UNDER CSP GUIDELINES, AND COULD THEORETICALLY INCREASE THE DISTRICTS' FISCAL FRAMEWORK. IF THIS HAPPENS, WE WILL HAVE NO CHOICE BUT TO AMEND SERVICE LEVELS PREVIOUSLY ANNOUNCED TO INCREASE CORRESPONDINGLY THE NUMBERS OF PUPILS TO BE SERVED BY EACH TEACHER. THE NUMBER OF DOLLARS TO BE FOUND IN YOUR 1984 BUDGETS <u>WILL NOT BE ALLOWED</u> TO INCREASE THROUGH SUCH A SHIFT.

ONE ARGUMENT PUT FORWARD BY SOME TRUSTEES IS THAT THE NEW FINANCIAL MANAGEMENT SYSTEM PROVIDES NO INCENTIVES TO SCHOOL BOARDS TO REDUCE THE AVERAGE TEACHER'S SALARY LEVEL IN THEIR DISTRICT.

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IN ALL DUE RESPECT I FIND THIS A SPECIOUS ARGUMENT. IT WAS ALWAYS MY UNDERSTANDING THAT TRUSTEES RAN FOR OFFICE NOT ONLY BECAUSE OF THEIR INTEREST IN CHILDREN AND EDUCATION BUT ALSO BECAUSE THEY BELIEVE THAT THEY HAVE A DUTY TO PROTECT THE TAXPAYERS IN THEIR COMMUNITY.

UNFORTUNATELY A FEW HAVE A "MIND SET" TO SEE HOW THE SYSTEM CAN BE MANIPULATED IN ORDER TO GET AS MUCH OUT OF THE LARGE POT AS POSSIBLE. I KNOW THIS HAPPENS IN A MINORITY OF CASES BUT IT DOES CAUSE ME SOME CONCERN.

YOU KNOW THAT THE MINISTRY HAS PRODUCED BUDGET TARGETS FOR 1984, 1985 AND 1986, ASSUMING NO INCREASES IN SALARY. MY MINISTRY DOES NOT YET KNOW WHAT MAY OCCUR IF TEACHER SALARY AND BENEFIT COSTS ARE NEGOTIATED UPWARDS, ARBITRATED UPWARDS, OR ALLOWED TO INCREASE BY MR. PECK.

WE HAVE NO IDENTIFIED RESOURCES TO COVER SUCH INCREASES. I CAN ASSURE YOU THAT THE GOVERNMENT WOULD FIND IT ALMOST IMPOSSIBLE TO FIND SUCH RESOURCES IN 1984. THEREFORE, WE WOULD HAVE VIRTUALLY NO ALTERNATIVE BUT TO CHANGE SERVICE LEVELS ONCE AGAIN, AND INCREASE ONCE MORE THE NUMBERS OF CHILDREN TO BE SERVED BY EACH TEACHER.

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SUCH AN ATTACK ON THE BASIC LEVELS OF SERVICE IN ORDER TO PROVIDE HIGHER SALARIES FOR TEACHERS SHOULD BE DEFENDED AGAINST AS STRONGLY AS YOU CAN FIND THE EFFORT AND WILL TO RESIST.

I AM SURE YOU SHARE MY SENTIMENTS, SO BARGAIN HARD, BUT BE FAIR; THINK CAREFULLY THROUGH THE IMPLICATIONS OF EVERY PROPOSAL FOR CHANGE. BARGAINING WILL BE MORE IMPORTANT IN 1983 THAN EVER BEFORE BECAUSE THE POTENTIAL FOR SERIOUS DAMAGE TO THE EDUCATIONAL SYSTEM EXISTS UNLESS THE BOARDS AND THE GOVERNMENT WORK TOGETHER. WE MUST PERSUADE TEACHERS THAT INCREASES IN SALARY WILL RESULT IN FEWER SERVICES IN THE SYSTEM.

THE OTHER ISSUE OF SOME CONSEQUENCE IS THE TREATMENT OF OPERATING SURPLUS. THERE IS A CONTINUAL PUSH BY SCHOOL DISTRICTS TO USE THE SURPLUS OF THE PRECEDING FISCAL YEAR AS AN ADD-ON TO THE BUDGET FOR THE NEXT FISCAL YEAR. THE PRACTICE HAS BEEN TO RETURN THE SURPLUS TO THE TAXPAYER, THAT SURPLUS BEING REFLECTED IN THE COMING YEAR'S TAX RATE AND IN THE LEVEL OF GRANTS WHICH COME FROM PROVINCIAL TAXATION.

THE USE OF SURPLUS BY SCHOOL BOARDS CREATES AN INEQUITABLE POSITION IF TREATED GLOBALLY. SOME DISTRICTS IN THEIR 1983 BUDGETS HAVE THE OPPORTUNITY TO GENERATE SURPLUS WHILE OTHERS DO NOT. 1983 BUDGETS WERE BASED ON 1982 BUDGETS AND THEY ARE NOT UNIFORM.

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IN STARTING THE NEW SYSTEM FOR 1984, ALL DISTRICTS WILL BE PLACED IN AN EQUITABLE POSITION. UNTIL WE DO THIS IT WOULD SEEM UNFAIR TO ALLOW SOME DISTRICTS TO EXCEED WHAT WOULD OTHERWISE BE AN EQUITABLE POSITION IN 1984 BECAUSE OF A SURPLUS IN 1983.

AT OUR JULY 12 MEETING I INDICATED THAT THE GOVERNMENT WAS GIVING SERIOUS CONSIDERATION TO AMALGAMATING SEVERAL SMALL DISTRICTS WITH NEARBY LARGER ONES. THIS IS OBVIOUSLY A MAJOR POLICY DECISION WHICH DESERVES A GREAT DEAL OF THOUGHT, CONSULTATION AND PLANNING. I WANT TO ASSURE YOU TODAY THAT NO FINAL DECISIONS HAVE BEEN MADE. IT IS POSSIBLE THAT THE INFORMATION, WHICH WILL BE FORTHCOMING FROM THE NEW SYSTEM WILL, OVER TIME, ASSIST US GREATLY IN CLARIFYING THE POTENTIAL ADVANTAGE OF AMALGAMATING DISTRICTS. I EXPECT SOME DISTRICTS MAY APPROACH ME WITH PROPOSALS FOR RE-ORGANIZATION TO PROVIDE THE BEST POSSIBLE EDUCATIONAL SERVICE IN THEIR COMMUNITY.

SHORTLY AFTER BEING APPOINTED MINISTER OF EDUCATION, I RECEIVED A TELEGRAM FROM THE CHAIRMEN OF 8 SEPARATE SCHOOL DISTRICTS. THE TELEGRAM CONTAINED A VERY CLEAR MESSAGE. IT POINTED OUT THE INEQUITIES AS BETWEEN DISTRICTS AND CALLED FOR IMPLEMENTATION OF OUR FINANCIAL SYSTEM WHICH THEY KNEW WAS BEING DEVELOPED BY THE MINISTRY. THE AUTHORS WERE SEEKING NOTHING MORE, BUT NOTHING LESS, THAN EQUITABLE DISTRIBUTION OF RESOURCES, AND NOT NECESSARILY INCREASED PROVINCIAL EXPENDITURE.

THE ISSUE OF AUTONOMY IS CONSTANTLY ADVANCED BY THE OPPOSITION AND A NUMBER OF SCHOOL DISTRICTS. THE EXPRESSION IS USED REPEATEDLY. THE FACT OF THE MATTER IS, THAT SHOULD A TRUSTEE BE THOROUGH IN PERFORMING THE DUTIES OF THE OFFICE TO WHICH HE (SHE) HAS BEEN ELECTED THERE HAS, IN MY VIEW, BEEN PLACED ON THAT TRUSTEE, A CONSIDERABLE TASK. THE BOTTOM LINE EXPRESSION NOW BEGINNING TO SURFACE IS THAT THE SYSTEM IS TOUGH, BUT FAIR. THE DUTY OF EACH TRUSTEE WILL BE TO MAKE IT WORK AND WORK WELL.

SCHOOL BOARDS WILL, AS THEY HAVE IN THE PAST, RETAIN AUTHORITY IN MANY SIGNIFICANT AREAS. TRUSTEES MUST STILL DECIDE UPON THE DIRECTION A DISTRICT WILL TAKE IN PROGRAM OFFERINGS, IN CAPITAL IMPROVEMENTS, IN STAFFING, SCHOOL HEALTH SERVICES, SCHOOL CLOSURES, NEGOTIATIONS AND SO ON. A PRIMARY ROLE FOR SCHOOL BOARDS IS THE RESPONSIBILITY OF INTERPRETING AND APPLYING PROVINCIAL DIRECTIONS TO THE LOCAL COMMUNITY. THESE JUDGEMENTS ARE BEST SERVED BY LOCALLY ELECTED PEOPLE DIRECTING AND INFLUENCING THE ORGANIZATION AND PROGRAMS IN THEIR SCHOOLS. BOARDS CLEARLY RETAIN THE TOOLS TO ACHIEVE THIS GOAL.

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THE RESPONSIBILITY PLACED UPON ALL OF US -- SCHOOL BOARDS, TEACHERS, GOVERNMENT AND THE MINISTRY -- IS HEAVY. A SOUND EDUCATION SYSTEM WILL RESULT FROM ALL OF OUR EFFORTS. THE CHALLENGE IS THERE -- WE MUST FACE THE PROBLEM OF REDUCED REVENUES SQUARELY AND TURN OUR PROBLEM INTO AN OPPORTUNITY.

IT DOES NOT HAVE TO COST MORE TO HAVE OUR SYSTEM EXAMINED THOROUGHLY -- TO IMPOSE DISCIPLINES AND RIGOUR UPON ALL OF US. THIS REFORM IS A SENSIBLE ONE BUT IT WILL BE RESISTED BY SOME. WE HAVE A DUTY TO REVISE OUR THINKING SO AS NOT TO USE ADDITIONAL MILLIONS OF DOLLARS TO PERPETURATE A SYSTEM CALLING IN THE CLEAREST POSSIBLE LANGUAGE FOR REFORM.

WE HAVE STOPPED THROWING MONEY AT EVERY PROBLEM WE FACE. OUR DUTY IS TO PRODUCE A REFORMED, LEANER AND MORE PRODUCTIVE SYSTEM WITHIN OUR COLLECTIVE CAPABILITY TO PAY.

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